GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5542
ANSWERED ON:07.04.2017
CRR
Ashok Kumar Shri K.

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has directed that all the banks have to park their entire incremental deposits they get from the money inflow in the form of deposits through old currency notes with the RBI and if so, the details thereof;
(b) whether the RBI has further directed the banks to maintain an incremental Cash Reserve Ratio (CRR) of 100 per cent; and
(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (c): On a review of the liquidity conditions after withdrawal of legal tender status of Rs.500 and Rs.1000 denominations of bank notes issued by the Reserve Bank of India (RBI) till November 8, 2016, RBI vide its circular DBR. No. Ret. BC.41/12.01.001/2016-17 dated November 26, 2016 had issued a directive under Section 42(1A) of the Reserve Bank of India Act, 1934 requiring all Scheduled Commercial Banks/Regional Rural Banks/all Scheduled Primary (Urban) Co-operative Banks/all scheduled State Co-operative Banks to maintain with RBI an incremental Cash Reserve Ratio (CRR) of 100 per cent on the increase in Net Demand and Time Liabilities (NDTL) between September 16, 2016 and November 11, 2016, effective from the fortnight beginning November 26, 2016.
Since the incremental CRR was intended to be a temporary measure within the RBI's liquidity management framework to drain excess liquidity, the measure was reviewed and RBIvide its circular DBR.No.Ret.BC.46/12.01.001/2016-17 dated December 7, 2016 withdrew the requirement of incremental CRR of 100 per cent effective from the fortnight beginning December 10, 2016.
â€¦â€¦.